Next 1 Page(s) In Document Denied

25X1

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

25 March 1986

North Korea-USSR: How Close Can They Get?

25X1

Summary

The improvement in relations between North Korea and the Soviet Union since 1984 reflects P'yongyang's determination that only Moscow can provide the critical elements of economic and military aid needed by the North, as well as Kim Il-song's greater tolerance for the current trends in Soviet--compared with Chinese--domestic and foreign policies. The North has increased support for the USSR's nuclear disarmament initiative and its call for an Asian security conference,

25X1

25X1

This memorandum was prepared by the Korea Branch, Office of East Asian Analysis. Information available as of 25 March 1986 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Korea Branch, Northeast Asia Division, OEA, on

25X1

25X1

Copy 37 of 47

EA M 86-20034C

25X1

25X1

25X1

Moscow has provided the first relatively modern fighter aircraft to enter P'yongyang's inventory in 20 years and new antiaircraft missiles. More Soviet help could increase the North's military advantage over the South considerably.

We expect any further improvements in bilateral ties to be part of a long and gradual process, in part because North Korea's needs are far greater than the USSR's willingness to supply. The North is unable to pay for all its economic development needs--oil, raw materials, and plant and equipment--and the Soviets have not provided large credits. In addition, differences on key policy issues remain. The Soviets are reluctant to bless Kim Chong-il publicly as a successor to his father, for example, and so far have shown little sympathy for North Korea's demand to cohost the Olympic Games. Finally, we expect Moscow will continue to control the arms supply spigot carefully. Nonetheless, we do not expect short-term frustrations or current policy differences to bring an about-face in Soviet-North Korean relations.

Warming Relations

Soviet-North Korean relations are the best they have been for decades. We believe this improvement, which dates at least from Kim Il-song's May 1984 visit to Moscow, in part reflects the North's increasing concern over South Korea's economic advantage and its potential for cutting the North's military edge:

-- P'yongyang almost certainly believes only the Soviet Union can provide technologically sophisticated weapons to counter South Korea's acquisition of F-16 fighters and its indigenous development (however marred by technical problems) of the K-1 tank.

-- The North Koreans clearly look to the Soviets for economic help in their losing battle to keep pace with the burgeoning South Korean economy.

In our view, P'yongyang's closer ties to the Soviet Union--at the expense of relations with China--also derive from shifts in its attitude toward the leadership in Moscow and Beijing. After the Sino-Soviet split Kim Il-song identified North Korea's own brand of Communism with Mao's independent and indigenous line and with China's then hostile posture toward the West. Soviet claims to hegemony in the world Communist movement and Moscow's subsequent policy of East-West detente further pushed the North toward Beijing and reinforced cultural and Korean war generated bonds to the Chinese. The economic reforms of Mao's successors,

however, almost certainly have appeared considerably less congenial to the North, which continues to emphasize central controls. Just as important, China has developed economic ties to South Korea, which for P'yongyang can only call into serious question Beijing's willingness to carry a brief for its Korean ally.

Indeed, by the early 1980s, the more openly adversarial Soviet relationship with the United States, and its contrast to Beijing's rapprochement with Washington, only underscored the changes in the policies of the North's one-time closest ally. We believe the North is well aware that China essentially accepts the US presence in South Korea as part of a counterweight to growing Soviet power in Asia--a de facto Chinese position at odds with P'yongyang's core security interest for over 30 years.

Pay-Offs From the Warming Trend

For its part, North Korea has become more supportive of Soviet security policies. P'yongyang, for instance, departed from its traditional habit of ignoring superpower summits by praising Gorbachev's performance in Geneva and supporting his nuclear disarmament initiative. In addition, subsequent North Korean statements moved closer to backing Moscow's proposal for an Asian security conference and, for the first time, expressed solidarity with the Soviets' client regime in Afghanistan.

The Economic Dimension

Beset with problems ranging from energy shortages to transportation bottlenecks, and anxious to launch its new seven-year plan (already postponed two years) in 1987, P'yongyang is looking to Moscow for help in improving its sluggish economic performance. In December the Soviets agreed to provide North Korea with at least one nuclear power plant; we expect North Korea's accession to the Nuclear Nonprofileration Treaty the same month was a condition for that assistance. P'yongyang clearly is a reluctant NPT signatory--it refused to publicly acknowledge adherence--but we believe its pressing energy needs outweighed its desire to avoid placing limits on a future nuclear weapons option.

25X1

-- North Korea's chronic energy problems were temporarily exacerbated last fall, when the largest of its two supertankers was sunk in the Persian Gulf.

-- North Korea also imports Chinese crude but can use it at only one of its refineries. 25X1

Given the North's bad debt repayment record, its limited export potential, and resultant difficulty in importing from the West, the North Koreans clearly are hoping for additional economic benefits from their improved relations with Moscow. 25X1

25X1

We have not seen much evidence so far of generosity from Moscow. The Soviets have said publicly that the 1986-90 trade agreement signed in late February calls for a doubling of combined exports and imports during 1986-90 over the 1981-85 period, but they have not given a breakdown for exports and imports. Moreover, most of the publicly listed projects involving Soviet equipment have been under construction for years and are nearing completion. 25X1

We can only conclude that Moscow is holding off on other commitments because it knows North Korea cannot afford all it has requested and because the Soviets are unwilling to offer a large financial assistance package. 25X1

We expect the Soviets to remain tight-fisted. The USSR has long been tough on its East European allies and appears to be cracking down even harder now, making it unlikely to take a different tack with the North. Moscow has increasingly demanded balanced trade and repayments on debt obligations. And, with production problems at home, we do not believe the Soviets are likely to be generous with their oil or other raw materials. 25X1

25X1

Military Deliveries

Despite North Korea's economic problems, the military remains P'yongyang's number-one priority and the area that has shown the greatest payoff from improved ties to the Soviets. South Korea's most important edge on the North--its superior air force--is in danger of eroding as the Soviets begin to supply 25X1

such systems as the Flogger-G variant of the MIG-23 fighter-interceptor. The Flogger-G is the first relatively modern fighter to enter the North's inventory in over 20 years, and the first major weapons system supplied by the Soviets since the early 1970s. If Soviet deliveries continue as we expect, the North Koreans will have at least a full regiment of 40 Floggers this year. The fighters will significantly improve the North's dated air fleet.

In a further effort to update its aging air force, P'yongyang is establishing an indigenous production capability for jet fighters--probably a copy of the Chinese F-7, an improved version of the early-model MIG-21.

We cannot estimate future production rates for an aircraft industry that has yet to produce a fighter; nor do we know how many MIG-23s Moscow will provide. If the Soviets provide only a single regiment of Floggers and domestic production moves slowly for the first few years, Seoul's favorable position would probably remain the same through 1989. The Flogger-G is not significantly better than the F-4E Phantom, the best fighter now in the South Korean Air Force.

North Korea's F-7s are essentially equivalent to South Korea's most numerous fighter, the F-5 E/F. None of these aircraft approaches the capabilities of the F-16s the South will begin receiving this year.

At this point, there is some evidence to suggest Moscow will provide only one regiment.

-- After the initial flurry of deliveries--the Floggers came in three shipments from May to August 1985--they ceased. It could be that the 26 MIG-23s constitute a

token Soviet contribution similar to shipments of 24 SU-7 Fitters and 22 MIG-21 Fishbed-Js in the early 1970s.

Given the pattern in Soviet deliveries of SA-3 equipment--which picked up in 1986, -we expect fighter deliveries to resume. If the Soviets supply two regiments (about 80 aircraft) of MIG-23s and the Chinese help North Korea overcome early hurdles in fighter manufacture, the South's lead in air power would shrink markedly rather than increase as Seoul had planned.

Even so, we do not expect the air balance to shift to the North's favor during this decade. Such a development would require considerably larger Soviet deliveries of new aircraft, such as the MIG-29--an unlikely occurrence because the Soviets are just beginning to deploy this system with their own forces. We expect South Korea's air advantage, at best, to hold at the current level or decrease somewhat by 1989. In either case, Seoul is unlikely in this period to compensate in the air for the North's significant advantage on the ground.

We expect, in fact, the North Koreans will increase their edge in ground force capabilities, but largely through their own efforts. P'yongyang employs its own ingenuity and production base--using technology supplied by Moscow and Beijing in the 1960s and 1970s--to arm its forces with large numbers of self-propelled field and antiaircraft artillery and armored vehicles. Rumors persist that the Soviets will provide T-72 tanks, but we have seen no evidence that North Korea will soon field a modern tank to rival the US-designed K-1 now being produced in the South. Although we cannot rule out future provision of the T-72, available evidence indicates the North is looking to its own industry for new armor vehicles. North Korea is developing and fielding a new light tank based on 1960s technology imported from the Soviet Union and China.

We also have no evidence that Moscow is providing P'yongyang with an offensive chemical warfare capability, although the Soviets have supplied the North with chemical decontamination vehicles.

because the North has a large chemical industry, possesses large quantities of decontamination equipment, and trains its forces in a chemical environment, the US intelligence community believes North Korea does have a limited chemical warfare capability.

25X1

Many weapons in the North's inventory that fire high explosive shells would be equally capable of delivering chemical munitions, including nine to 12 FROG-7 launchers and an unknown number of rockets capable of reaching 70 kilometers into South Korea from positions near the DMZ. North Korea also has at best a few Scud-B missiles with a 300-kilometer range.

25X1

25X1

25X1

25X1

In sum, we have seen both Soviet support--and a lack thereof--in the North's continuing force improvement. We do not know how far the Soviets are willing to go in providing weapons to P'yongyang, nor what they would demand or settle for in return. The North clearly cannot pay for large numbers of weapons. In our view, Moscow might see future weapons deliveries as insurance for continued permission from the North for overflights during collection missions against China and US and South Korean forces. The Soviets may believe that such deliveries eventually could lead to air and naval access to bases in North Korea. We would expect P'yongyang to resist making any concessions that appeared to denigrate its sovereignty. The North might, however, be willing to lend more support to Soviet policies even at further expense to its ties with China.

25X1

Defining the Relationship: Where Are the Boundaries?

The warming trend in Soviet-North Korean relations suggests that both countries have reassessed and adjusted their positions in the Soviet-Chinese-North Korean triangle. There are, however, obvious barriers to more extensive improvements in bilateral ties.

-- Careful Soviet control over the flow of military and economic assistance, in our judgment, reflects continued Soviet distrust of an unpredictable ally and the constraints on such help imposed by North Korea's limited ability to pay.

25X1

25X1

-- Better Soviet-North Korean relations have not fundamentally altered P'yongyang's fierce independence or the almost certain backlash should the Soviets attempt to interfere in its internal affairs.

-- Nor will the North completely discount its historical, cultural, and political ties to China, despite the clear drift away from Beijing because of the turn in China's policies since the 1970s.

25X1

The relationship is also constrained by substantive differences on key policy issues. While the Soviets on one occasion used private talks with US officials to pay lip service to North Korea's call for tripartite talks with the United States and South Korea, the issue was completely ignored in the communiques after Premier Kang Song-san's visit to Moscow in December and Foreign Minister Schevardnadze's return trip to P'yongyang the next month. The Soviets, in our view, are wary of a forum where they are excluded, especially if it includes the Chinese. They undoubtedly are aware China has sent repeated messages through US diplomats encouraging tripartite talks and has even offered to host them in Beijing.

25X1

A related potential trouble spot is the idea floated by some Soviet officials that Moscow might back cross-recognition of the two Koreas. Soviet Communist Party International Department Deputy Director Kovalenko last month told Japanese Socialists that he believed cross-recognition was the only possible solution to the Korean imbroglio. According to South Korean officials in Tokyo, the Soviet Embassy subsequently told the Japanese Socialists to forget Kovalenko's remarks. But the South Koreans speculate that the comments reflect the private view of the Soviet leadership. North Korea firmly opposes cross-recognition because it would legitimize the division of the peninsula. And we are certain that P'yongyang would be troubled by a public Soviet contradiction of a basic North Korean policy.

25X1

The Olympics are another sore point. Moscow and its allies have given lip service to the North's cohosting demand but have not replayed P'yongyang's threat of a Socialist and Third World boycott unless North Korea gets its share of the Games. Only Cuba, Nicaragua, Tanzania, and Ethiopia so far have issued boycott threats. We expect the North to continue to push hard for as much of a face-saving compromise on "sharing" the Olympics as it can get, but we also believe it underestimated Soviet determination to avoid another boycott and has been compelled to backtrack on the cohosting issue.

25X1

In addition, Moscow and P'yongyang continue to disagree about selected international issues. For example, North Korea continues to recognize Prince Sihanouk's disparate anti-

25X1

Vietnamese coalition in Kampuchea. This position is perhaps a residual effect of Kim Il-song's personal friendship with Sihanouk rather than a matter of policy. Nevertheless, if the North Koreans break their pattern of inviting Sihanouk to P'yongyang, it will be a sign that the North is moving closer to Soviet positions (and further from China's) on yet another issue.

Finally, we believe Soviet-North Korean relations are directly affected by Moscow's attitude toward Kim Il-song's succession plans. The Soviets clearly are reluctant to give their public blessing to Kim's designation of his son, Kim Chong-il, as his heir. We do not know whether the Soviets invited the younger Kim to attend their recent Party Congress, but we believe his absence--despite months of speculation that he would attend--indicated frictions over his status. North Korean reports of Schevardnadze's meetings in P'yongyang placed the elder and younger Kims side by side. Soviet reports of the same meetings, however, barely mentioned Kim Chong-il. Although Schevardnadze invited the elder Kim and Foreign Minister Kim Yong-nam to the USSR by name, the only possible invitation to Kim Chong-il was an oblique reference to "other invitations."

In part, this Soviet attitude probably stems from Moscow's objection to North Korea's version of "Socialism in One Family." But the Soviets may also be uneasy about the policy inclinations of the younger Kim.

Moscow may perceive him as pro-Chinese. Beijing gave him the red carpet treatment when he visited in 1983, and the Chinese have been far less reticent about accepting his eventual accession to power.

Notwithstanding these clear limitations, both sides have gained from the new direction of Soviet-North Korean relations. We do not expect short-term frustrations or current policy differences to bring an about-face in the current trend in bilateral ties.

Implications for the United States

The benefits from the improvements in Soviet-North Korean relations that have accrued to both Moscow and P'yongyang work against US and South Korean interests in several ways. Moscow's willingness to improve the quality of its military exports to the North increases the threat to the South. While the Soviet diplomatic engagement on Korean issues is likely to introduce a complicating factor in the North-South Korean dialogue, we do not know whether the Soviets are counseling P'yongyang to be flexible in these talks. On the one hand, good relations with the Soviets could boost North Korean confidence in pursuing the dialogue. But if Moscow judges that it should distinguish its advice on the North-South talks from its principal competitor for influence in

P'yongyang--the Chinese--the Soviets could be inclined to inject a negative rather than positive note in the process.

On the other hand, increased Soviet influence in P'yongyang offers potential leverage on some troublesome issues. On the nuclear front, for example, the USSR has strictly enforced international nonproliferation guidelines with Third World recipients of its nuclear technology. Although nothing can guarantee against a determined North Korean effort to develop nuclear weapons, we believe Soviet-North Korea nuclear cooperation will increase Soviet and international controls over a suspect nuclear program.

We also believe Moscow's carefully calibrated military assistance program still indicates a Soviet concern with North Korean intentions. Mindful of the potential for escalation in a region where the security interests of the Chinese, the Japanese, and the United States intersect with their own, the Soviets continue to have reason to modulate carefully their military assistance to an already powerful North Korean force.

The future of Soviet-North Korean relations will depend, in part, on US policy. We believe the North has moved to improve its political relations with Moscow partly to enlist Soviet diplomatic help in pursuit of its primary goal--removal of US forces from the peninsula. We expect P'yongyang to continue to work both sides of the street--using the Chinese to convey its interest in direct contacts with the United States and the Soviets to remind Washington that its troops in Korea threaten Soviet as well as North Korean interests. The willingness in P'yongyang to endorse inclusion of the Korean issue on the superpower summit agenda--after years of ignoring that option--suggests that P'yongyang may be more hopeful that any progress on this score will come through Moscow rather than Beijing.

25X1

SUBJECT: North Korea-USSR: How Close Can They Get? 25X1

Distribution:
Copy 1 - OEA/NA/Korea/File
2 - Donald Gregg, Assistant to the Vice President (Old Executive Office Bldg. Room 298)
3 - William Sherman, State/EAP (Room 6205 Depart. of State Bldg)
4 - Harriet Isom, State/EAP/Korea
5 - Celia Conlon, State/EAP/Korea
6 - Jay Taylor, State/INR/EAP
7 - Bill Eaton, State/INR/EAP/Korea
8 - Jay Sloan, DIA/DIO/Korea 25X1
11 - James Kelly, DOD/ISA
12 - Wallace Knowles, DOD/ISA
13 25X1
14 - NIO/EA (7E-62)
15 - NIO/Economics
16 - C/PPS/DO (D01)
17 - C/EA (5E18) 25X1
18 - OGI/IIC/PI
19 - 21 - OEA/NEA/Korea Branch
22 - OEA/NEA/Japan Branch
23 - OEA/NEA/STI Branch
24 - OEA/NEA Division
25 - OEA/China Division
26 - OEA/SEA Division
27 - D/OEA (4F18)
28 - C/Production/OEA
29 - FBIS Analysis Group
30 - DDI
31 - Senior Review Panel
32 - PDB Staff (7F30)
33 - 37 - CPAS/IMC/CG (7G07)
38 - CPAS/ILS (7G50)
39 - C/PES (7F24)
40 - NIC/AG (7E47)
41 - DDO/EA Division (5D00)
42 - DDO/EA (5C19) 25X1
43 - DDO/EA (5C19)
44 - 25X1
45 - OEA/NA/Korea 25X1
46 - OEA/NA/Korea
47 - OEA/NA/Korea
25X1
DDI/OEA/NA/Korea 25 March 1986 25X1

25X1